

CARES Act Impacts

Retirement Plan Considerations and Benefits

As part of the federal economic response to the COVID-19 crisis, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was put in place. Below are some provisions of the Act that may impact an individual's retirement and tax planning.

RMD requirements suspended for 2020

The act provides that the required minimum distribution requirements (RMDs) do not apply for the calendar year 2020. This suspension also includes inherited IRAs.

Tax treatment for coronavirus-related retirement account withdrawals

The CARES Act provides that the 10% early withdrawal penalty for those younger than 59 1/2 does not apply to any coronavirus-related distribution up to \$100,000. The taxes owed on the withdrawal can be spread out over three years, or, the withdrawal can be rolled over back into the account over three years to avoid taxes altogether. A qualified individual is anyone who has been diagnosed with the virus, whose spouse or dependent has been diagnosed, or has experienced specific adverse financial consequences as a result of the virus.

Rollovers of RMDs previously taken in 2020

The act also provides that anyone that has taken all or a portion of their RMD during 2020 is eligible for a rollover of those amounts under the 60-day rollover rules.

Qualified Charitable Distributions are not affected while there are no required distributions to offset for 2020. Qualified Charitable Distributions are still permitted.

529 Plans: Refunds for University Expenses

In response to COVID-19 restrictions, some universities are issuing partial refunds for the semester. These refunds could be associated with expenses such as room & board, meal plans, and/or tuition.

A complication exists if a withdrawal was made from a 529 to cover these refunded expenses. Typically, refunds should be recontributed to the 529 to avoid tax on the original distribution. Under normal circumstances, the recontribution must be done within 60 days. The IRS has granted an extension on this 60-day window for any refunds issued on or after 2/1/2020. Individuals now have until 7/15/2020 to



recontribute the funds to the 529 plan.

It's important to note that the repayment can be avoided if the student is expected to accumulate other "qualified higher education" expenses throughout the course of this year. This is true even if the expenses occur after the 7/15/2020 repayment deadline.

If you have questions about your scenario, contact your advisor.

Retirement Planning

Estate Planning Checklist



The COVID-19 pandemic has brought the necessity to plan for the unexpected into sharper focus. Now might be the perfect time to explore advanced planning techniques that could benefit you and your heirs in the future. If you are interested in creating or updating an estate plan, this [Estate Planning Checklist](#) can help get you started. If you have any questions you can contact our office at (800) 333-1701 or contact@collegiatecapital.com.

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Market News

Market Summary as of 4/30/20

Index/Market	YTD
S&P 500 Index	-9.29%
DJ Industrial Average	-14.07%
Russell 3000	-10.42%
Russell 2000	-21.08%
Nasdaq	-0.63%
MSCI EAFE Index	-17.84%
Barclays US Agg Bond	4.98%
10-Year U.S. Treasuries (Yield)	0.00%
WTI Crude Oil	-69.14%
LBMA Gold Price	12.41%
CBOE Market Volatility	173.86%

Index/Market	YTD
Consumer Disc	-2.71%
Consumer Staples	-6.76%
Energy	-35.70%
Financials	-25.40%
Health Care	-1.63%
Industrials	-20.68%
Information Technology	0.22%
Materials	-14.83%
Real Estate	-11.56%
Telecom Services	-5.48%
Utilities	-10.72%

Source: Morningstar.com

The global financial markets year-to-date can be split in half: before and after coronavirus. In January, the markets held on despite growing fears of the US & Iran conflict. However, by mid-to-late February, US stocks were hitting record highs in large part due to easier monetary policy. When the impact of coronavirus hit, stocks and bond sectors declined sharply. For the S&P 500, it marks the quickest bear market in history, dropping 20% from its peak in 20 days. April has seen a strong rally in the markets as the rate of new COVID-19 infections slows, and government stimulus plans take effect.

Cyber Security & Compliance

Firm Disclosure Update

Collegiate Capital Management recently updated its annual disclosures including Form ADV and Privacy Notice. Both documents can be found under the Disclosures section of the website. If you have any questions regarding these documents, please contact our office at (800) 333-1701 or contact@collegiatecapital.com.



Using Virtual Meeting Platforms

Cybercriminals continue to seek out opportunities even in times of crisis. Companies like Zoom have been faced with criticism in the news recently, forced to address and evaluate its encryption because of vulnerabilities in its coding. Coined "[Zoombombing](#)," cybercriminals were able to gain unauthorized access to our online interactions with friends, family, and colleagues.

While Zoom is reportedly monitoring and updating its security, the FBI and other organizations have

warned people to be cautious while using the service and ensure you update your security settings within the app. Some organizations are [switching to video conferencing alternatives](#), such as Microsoft Teams and WebEx. It is recommended that everyone be just as vigilant with personal passwords and internet browsing as you would with social interactions.

Mail Fraud and Cybercrime on the Rise

Online and mail scams are on the rise due to the COVID-19 pandemic recent CARES Act enactment. The [IRS has created an official website](#) to track payments and input direct deposit information, but many scammers are [creating look-alike websites](#) aiming to trick individuals into divulging their financial details. IBM released a report this week that found a [6,000 percent increase in spam emails](#) related to COVID-19, most of which were pretending to be from banks or credit card companies asking an individual to input their account login credentials.



Fraudsters are also stealing or falsifying mailed government stimulus payments, and [individuals are being solicited](#) by companies touting false coronavirus-related treatments and tests, as well as charitable organizations that are prompting recipients to give up their financial information. One easy way to stay vigilant with mail fraud is to register for the United States Postal Service's Informed Delivery Program. [Visit the USPS website](#) to see if Informed Delivery is available in your area.

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